

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>CONSUMERS ENERGY COMPANY</b>	)	
for authority to reconcile its gas revenue	)	Case No. U-18367
decoupling mechanism and for other relief.	)	
_____	)	

At the October 25, 2017 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman  
Hon. Norman J. Saari, Commissioner  
Hon. Rachael A. Eubanks, Commissioner

**ORDER APPROVING SETTLEMENT AGREEMENT**

In the April 21, 2016 order in Case No. U-17882, the Commission approved a settlement agreement permitting Consumers Energy Company (Consumers) to implement a revenue decoupling mechanism (RDM) commencing on January 1, 2017, and terminating on January 28, 2017, the date when Consumers implemented new rates in its next gas general rate case, Case No. U-18124. On April 28, 2017, Consumers filed an application, with supporting testimony and exhibits, requesting reconciliation of its RDM for the period January 1, 2017, through January 28, 2017.

A prehearing conference was held on June 14, 2017, before Administrative Law Judge Suzanne D. Sonneborn. Consumers and the Commission Staff participated in the proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. Consumers Energy Company is authorized to apply a one-month per customer surcharge to collect or refund revenue decoupling mechanism revenues in the amount of \$629,370, and associated interest, from or to customers by rate schedule, based on the projected number of customers for the November 2017 bill month.
- C. Any additional residual balances shall be addressed through the residual balance reconciliation method as proposed by Consumers Energy Company in its application and supporting testimony and exhibits.
- D. Within 30 days of the date of this order, Consumers Energy Company shall file revised tariffs substantially similar to those contained in Attachment A of the settlement agreement.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at [mpscedockets@michigan.gov](mailto:mpscedockets@michigan.gov) and to the Michigan Department of the Attorney General - Public Service Division at [pungpl@michigan.gov](mailto:pungpl@michigan.gov). In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

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Sally A. Talberg, Chairman

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Norman J. Saari, Commissioner

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Rachael A. Eubanks, Commissioner

By its action of October 25, 2017.

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Kavita Kale, Executive Secretary

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**SETTLEMENT AGREEMENT**

Pursuant to MCL 24.278 and Rule 431 of the Michigan Administrative Hearing System’s Rules of Practice and Procedure before the Michigan Public Service Commission (“MPSC” or the “Commission”), Mich Admin Code, R 792.10431, the undersigned parties agree as follows:

WHEREAS, on April 28, 2017, Consumers Energy Company (“Consumers Energy” or the “Company”) filed an Application which requested the Commission to approve the reconciliation of revenue pursuant to the gas utility Revenue Decoupling Mechanism (“RDM”) for the period January 1, 2017 through January 28, 2017.

WHEREAS, the initial prehearing conference in this proceeding was held on June 14, 2017 before Administrative Law Judge Suzanne D. Sonneborn. The parties to the case are Consumers Energy and the Commission Staff (“Staff”).

WHEREAS, in an Order issued April 21, 2017 in Case No. U-17882, the Commission approved a Settlement Agreement reached by the parties in that proceeding which permitted Consumers Energy to implement an RDM. The Case No. U-17882 RDM commenced at the conclusion of the Case No. U-17882 test year on January 1, 2017 and terminated when the Company implemented new rates in its next gas general rate case, Case No. U-18124. Thus, the revenue decoupling period that the Company seeks to reconcile is from January 1, 2017 through January 28, 2017.

In this proceeding, the Company has determined that during the operation of the RDM the total amount of the decoupling revenue sufficiency for the period of January 1, 2017 through January 28, 2017 is \$629,370. This total amount consists of a \$830,174 sufficiency for the Residential Rate A rate schedule, a \$34,841 sufficiency for the Residential Rate A-1 rate schedule, a \$105,367 deficiency for the GS-1 rate schedule, and a \$130,277 deficiency for the GS-2 rate schedule. To reconcile these amounts, Consumers Energy proposed to apply a one-month per customer surcharge, as illustrated by proposed Exhibit A-5 (HLR-3), to collect or refund the RDM revenues by rate schedule, based on the projected number of customers for the September 2017 bill month. Consumers Energy also proposed to apply a remaining residual balance reconciliation methodology to any remaining residual balances that continue to exist after the implementation of the proposed surcharges.

NOW THEREFORE, for purposes of settlement of Case No. U-18367, the undersigned parties agree as follows:

1. The parties agree that Consumers Energy shall be permitted to reconcile the Case No. U-17882 RDM for the period January 1, 2017 through January 28, 2017 by applying a one-month per customer surcharge to collect or refund RDM revenues in the amount of \$629,370, and associated interest, from or to customers by rate schedule, based on the projected number of customers for the November 2017 bill month. If Consumers Energy cannot reasonably implement the above surcharge in the November 2017 bill month due to the timing of the Commission's order approving this Settlement Agreement, Consumers Energy shall implement the surcharge in the earliest possible subsequent bill month when the surcharge can be reasonably implemented. If the Company is unable to implement the surcharge in the November 2017 bill month, the Company shall base the surcharge on the projected number of customers for

the month in which the surcharge will be implemented and update any interest owed to customers. The surcharges are shown in Attachment 1 to this Settlement Agreement.

2. The parties further agree that any residual balance, resulting from the reconciliation of the amounts addressed in paragraph 1, shall be addressed through the remaining residual balance reconciliation methodology mechanism as proposed by the Company in this filing.

3. This settlement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this settlement are, and shall be considered, privileged under Michigan Rule of Evidence 408. If the Commission approves this Settlement Agreement without modification, neither the parties to this Settlement Agreement nor the Commission shall make any reference to, or use, this Settlement Agreement or the order approving it, as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the provisions of this Settlement Agreement and the order approving it.

4. This Settlement Agreement is based on the facts and circumstances of this case and is intended for the final disposition of Case No. U-18367. So long as the Commission approves this Settlement Agreement without any modification, the parties agree not to appeal, challenge, or otherwise contest the Commission order approving this Settlement Agreement. Except as otherwise set forth herein, the parties agree and understand that this Settlement Agreement does not limit any party's right to take new and/or different positions on similar issues in other administrative proceedings, or appeals related thereto.

5. This Settlement Agreement constitutes the entire agreement of the parties and is not severable. Each provision of the Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of the Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall be without prejudice to the pre-negotiation positions of the parties.


6. The parties agree that approval of this Settlement Agreement by the Commission would be reasonable and in the public interest.

7. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues resolved in this Settlement Agreement, if the Commission approves this Settlement Agreement without modification.



8. This Settlement Agreement may be executed in multiple counterparts.

WHEREFORE, the undersigned parties respectfully request the Michigan Public Service Commission to approve this Settlement Agreement on an expeditious basis and to make it effective in accordance with its terms by final order.

MICHIGAN PUBLIC SERVICE  
COMMISSION STAFF

By:  \_\_\_\_\_ Dated: October 16, 2017  
Michael J. Orris (P51232)  
Assistant Attorney General  
Attorney for the Michigan Public Service Commission Staff  
Public Service Division  
7109 West Saginaw Highway  
Lansing, MI 48917

CONSUMERS ENERGY COMPANY

By:  \_\_\_\_\_ Dated: October 16, 2017  
 Digitally signed by Robert  
W. Beach  
Date: 2017.10.16 10:31:03  
-04'00'  
Robert W. Beach (P73112)  
Attorney for Consumers Energy Company  
One Energy Plaza  
Jackson, MI 49201



# ATTACHMENT A

M.P.S.C. No. 2 - Gas  
Consumers Energy Company

Sheet No. D-1.20

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**SURCHARGES**

	<i>Revenue Decoupling Mechanism (RDM) Reconciliation (Case No. U-18367) Effective for the <u>November 2017 Billing Month</u></i>
<b><u>Rate Schedule</u></b>	
Rate A	<i>\$(0.52)/Customer</i>
Rate A-1	<i>(3.87)/Customer</i>
Rate GS-1	<i>1.04 /Customer</i>
Rate GS-2	<i>5.37 /Customer</i>
Rate GS-3	<i>NA</i>
Rate GL	<i>NA</i>
Rate ST	<i>NA</i>
Rate LT	<i>NA</i>
Rate XLT	<i>NA</i>
Rate CC	<i>Per applicable distribution Rate Schedule</i>

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Issued XXXXX XX, XXXX by  
Patti Poppe,  
President and Chief Executive Officer,  
Jackson, Michigan

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Effective for service rendered on  
and after XXXXX XX, XXXX

Issued under authority of  
Michigan Public Service Commission  
Dated XXXXX XX, XXXX  
in Case No. U-XXXXXX